SASKATCHEWAN DEVELOPMENT FUND CORPORATION AND SASKATCHEWAN DEVELOPMENT FUND

2003 ANNUAL REPORT

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

BOARD OF DIRECTORS

Honourable Harry Van Mulligen (November 21, 2003)
Honourable Jim Melenchuk, Chairperson (February 17, 2003 - November 20, 2003)
Honourable Eric Cline, Chairperson (June 27, 1997 – February 16, 2003)
Honourable, Buckley Belanger Vice-Chairperson
Honourable Len Taylor (November 21, 2003)

OFFICERS

Mr. Don Axtell
General Manager

Mr. John Amundson
Treasurer

Ms. Dawn Stanger
Corporate Secretary

INVESTMENT MANAGEMENT

Greystone Managed Investments Inc.

GENERAL INQUIRIES TELEPHONE NUMBERS

In Regina: (306) 787-1645
Toll free within Saskatchewan: 1-800-667-7543
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MAILING ADDRESS

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SASKATCHEWAN DEVELOPMENT FUND CORPORATION AND SASKATCHEWAN DEVELOPMENT FUND

ANNUAL REPORT

For the Year Ended

December 31, 2003

CONTENTS

Letter of Transmittal 3

Saskatchewan Development Fund Corporation

History and Current Highlights – 2003 5

Management's Responsibility for Financial Statements 6

Auditors' Report 7

Financial Statements 8

Saskatchewan Development Fund

History and Current Highlights – 2003 16

Management's Responsibility for Financial Statements 17

Auditors' Report 18

Financial Statements 19

LETTER OF TRANSMITTAL

Regina, Saskatchewan
January 30, 2004

To Her Honour
The Honourable Lynda M. Haverstock
Lieutenant Governor of the Province of Saskatchewan

Madam:

I have the honour to submit herewith the annual reports of the Saskatchewan Development Fund Corporation and the Saskatchewan Development Fund for the year ended December 31, 2003, in accordance with **The Saskatchewan Development Fund Act, 1974**. The financial statements are in the form approved by the Treasury Board and have been reported on by the Corporation's auditors.

I have the honour to be, Madam,

Your obedient servant,

Minister Responsible
Saskatchewan Development Fund Corporation

ANNUAL REPORT

OF

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

FOR THE YEAR ENDED

December 31, 2003

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

HISTORY AND CURRENT HIGHLIGHTS – 2003

The Saskatchewan Development Fund Corporation (the Corporation) was established in 1974 under **The Saskatchewan Development Fund Act** to perform the duties of trustee, custodian and manager for the Saskatchewan Development Fund (the Fund), an open-end investment trust. The Corporation initially managed the affairs of the Saskatchewan Development Fund and in return received management fees and sales charges from the Fund in exchange for the Corporation's services.

In 1976, the Corporation expanded its operations to include an annuity business which offered several different types of annuities to the public. These annuities included term-certain annuities for those who wished to receive a retirement income, Income Averaging Annuity Contracts (IAAC's) during the period of time when these annuities were popular and general annuities for those who desired an investment vehicle with combined savings and growth potential. The Corporation has annuity liabilities extending to the year 2013, although most of the annuities matured in 1996.

The Corporation continues to manage the affairs of the Saskatchewan Development Fund although it no longer offers annuities to the public. In 1985, the Corporation moved its operations to the offices of Crown Investments Corporation of Saskatchewan (CIC) and is now administered by the Saskatchewan Development Fund Corporation's Board of Directors through the use of staff and facilities provided by CIC.

In 1988, the Corporation entered into an agreement with Greystone Managed Investments Inc. (Greystone) to provide investment counsel with respect to the Corporation's investment activities. The Corporation has provided Greystone with a statement of investment policies and guidelines which were designed to provide optimum investment returns.

At December 31, 2003, the present value of the Corporation's annuities payable is $529.4 thousand on 38 outstanding annuity contracts compared to an annuity liability of $648.6 thousand on 49 annuity contracts at December 31, 2002. The annuity liability and the number of contracts outstanding have decreased steadily since their highest level in 1981 when the annuity liability reached $36.7 million on more than 700 annuity contracts.

The Corporation's net earnings for the year ended December 31, 2003 were $63.1 thousand as compared to $64.6 thousand for the same period in 2002. The decrease in net earnings is due to decreased fund management fees received from the Mutual Fund and a decrease in investment income, as cash resources are used to pay annuitants. The decrease in revenue is offset by lower operating costs and interest on annuities.

The Corporation's investments exceed its liabilities at December 31, 2003 by more than $2.3 million. As a result, the Corporation has an adequate level of investments to provide for future obligations. A complete list of the Corporation's investments at December 31, 2003 is on page 12.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying Financial Statements have been prepared by management of Saskatchewan Development Fund Corporation. They have been prepared in accordance with generally accepted accounting principles in Canada, consistently applied, using management's best estimates and judgements where appropriate. Management is responsible for the reliability and integrity of the Financial Statements and other information contained in this Annual Report.

The Corporation's Board of Directors is responsible for overseeing the business affairs of the Corporation and also has the responsibility for approving the financial statements. The Board of Directors meets with management, and when necessary, the Corporation's external auditors E. J. C. Dudley & Co., and the Provincial Auditor of Saskatchewan on matters relating to the financial process.

Management maintains a system of internal controls to ensure the integrity of information that forms the basis of the financial statements. The internal controls provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly guarded against unauthorized use and that reliable records are maintained. The Provincial Auditor of Saskatchewan has reported to the Legislative Assembly that these controls are adequately functioning.

E. J. C. Dudley & Co. has audited the Financial Statements. Their report to the Members of the Legislative Assembly, stating the scope of their examination and opinion on the Financial Statements, appears on the following page.

Don Axtell
General Manager

January 30, 2004

AUDITORS' REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the statement of financial position of the Saskatchewan Development Fund Corporation as at December 31, 2003 and the statements of operations and reinvested earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in Canada.

Regina, Canada
January 30, 2004

Chartered Accountants

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

STATEMENT OF FINANCIAL POSITION

As at December 31

	2003	2002
ASSETS		
Current Assets		
Cash and short-term investments (Note 3)	$ 201,203	$ 162,480
Interest receivable	5,801	5,565
	207,004	168,045
Investments (Note 4)	2,697,938	2,794,704
	$ 2,904,942	$ 2,962,749
LIABILITIES AND PROVINCE'S EQUITY		
Current Liabilities		
Accounts payable	$ 7,728	$ 8,316
Due to Saskatchewan Development Fund	4,191	5,284
Current portion of annuities payable (Note 5)	109,426	119,253
	121,345	132,853
Annuities payable (Note 5)	419,938	529,365
	541,283	662,218
Province of Saskatchewan's Equity		
Equity advances (Note 6)	1,150,000	1,150,000
Reinvested earnings	1,213,659	1,150,531
	2,363,659	2,300,531
	$ 2,904,942	$ 2,962,749

Contingent liability (Note 7)

(See accompanying notes)

On behalf of the Board:

_____, Director

_____, Director

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

STATEMENT OF OPERATIONS AND REINVESTED EARNINGS

For the year Ended December 31

	2003	2002
Revenue		
Investment	$ 163,581	$ 183,689
Fund management fees (Note 8)	25,855	30,230
	189,436	213,919
Expenses		
Interest – annuities	76,793	91,865
Administrative	49,515	57,492
	126,308	149,357
Net earnings	63,128	64,562
Reinvested earnings, beginning of year	1,150,531	1,085,969
Reinvested earnings, end of year	$ 1,213,659	$ 1,150,531

(See accompanying notes)

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

STATEMENT OF CASH FLOWS

For the Year Ended December 31

	2003	2002
Operating Activities		
Net earnings	$ 63,128	$ 64,562
Add (deduct) non-cash items		
Amortization of discounts and premiums	(133,481)	(137,613)
Amortization of capital assets	-	7,374
	(70,353)	(65,677)
Net change in non-cash working capital balances related to operations (Note 9)	(1,918)	(976)
Cash used in operating activities	(72,271)	(66,653)
Investing Activities		
Purchase of investments	(149,753)	(100,452)
Proceeds from sale of investments	380,000	275,000
Cash provided by investing activities	230,247	174,548
Financing Activities		
Repayment of annuities payable	(119,253)	(127,418)
Cash used in financing activities	(119,253)	(127,418)
Net increase in cash during the year	38,723	(19,523)
Cash and short-term investments, beginning of year	162,480	182,003
Cash and short-term investments, end of year	$ 201,203	$ 162,480

(See accompanying notes)

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

1. Summary of Significant Accounting Policies

The Saskatchewan Development Fund Corporation's (SDFC) accounting policies are in accordance with accounting principles generally accepted in Canada. The following are considered to be significant:

a) Short-term investments

Short-term investments are carried at cost which approximates their quoted market value.

b) Amortization of capital assets

Amortization of computer software is calculated on a straight-line basis over three years.

c) Investments in bonds and debentures

Investments in bonds and debentures are carried at amortized cost. Discounts and premiums in excess of $1,000 are amortized to income using the straight-line method over the remaining life of the investment.

d) Fair value of short-term financial instruments

Fair value of short-term investments including:

i) Cash and short-term investments
ii) Interest receivable
iii) Due to (from) Saskatchewan Development Fund
iv) Accounts payable
v) Current portion of annuities payable

the carrying amounts approximate fair value due to their immediate or short-term maturity.

2. Status of the Corporation

SDFC was established in 1974 under **The Saskatchewan Development Fund Act** to perform the duties of trustee, custodian and manager for the Saskatchewan Development Fund. In 1976, SDFC also instituted an annuity business as part of its operations. The annuity operations are reflected in these financial statements. Effective January 1, 1986, SDFC ceased to offer new annuities to the public.

SDFC has been designated by Order-in-Council as a corporation to which the provisions of **The Crown Corporations Act, 1993** apply. Accordingly, the financial results of the Corporation are included in the consolidated financial statements of Crown Investments Corporation of Saskatchewan (CIC).

SDFC is a Provincial Crown corporation and therefore is not subject to Federal or Provincial income tax.

3. Short-term investments

Short-term investments at December 31, 2003 consist of commercial bank deposits and Provincial Government's Treasury Bills and Promissory Notes due on or before March 31, 2004 carrying an average interest rate of 2.69%. Short-term investments are considered to be cash equivalent as they are callable on one days notice to meet cash flow requirements.

4. Investments

Description	2003 Amortized Cost	2003 Fair Value	2002 Amortized Cost	2002 Fair Value
Bonds and Debentures				
Prince Edward Island 10.625%, Apr. 18, 2004	$ 250,000	$ 255,523	$ 250,000	$ 273,290
Canada Zero Coupon $255,000, June 1, 2003	-	-	250,946	252,078
Canada Zero Coupon $125,000, Dec. 1, 2003	-	-	122,455	121,671
Canada Zero Coupon $110,000, Sept. 15, 2004	107,118	107,954	103,087	104,294
Canada Zero Coupon $225,000, June 1, 2005	211,111	216,151	201,267	207,459
Canada Zero Coupon $315,000, June 1, 2006	284,415	291,425	271,577	277,285
Canada Zero Coupon $528,000, June 1, 2007	445,743	466,372	421,214	442,300
Canada Zero Coupon $285,000, June 1, 2008	232,310	238,930	220,575	225,392
Canada Zero Coupon $183,000, June 1, 2008	153,651	153,418	-	-
Canada Zero Coupon $285,000, June 1, 2009	221,760	226,244	210,242	212,513
Canada Zero Coupon $280,000, June 1, 2010	207,993	210,036	196,896	196,708
B. C. Zero Coupon $485,000, Sept. 5, 2011	310,591	334,524	288,409	308,664
Canada Zero Coupon $150,000, June 1, 2011	106,868	106,301	101,048	99,414
Canada Zero Coupon $125,000, June 1, 2012	85,062	83,578	80,314	78,094
Canada Zero Coupon $125,000, June 1, 2013	81,316	79,013	76,674	73,683
Total Investments	$ 2,697,938	$ 2,769,469	$ 2,794,704	$ 2,872,845

4. Investments (continued)

a) Fair value of investment holdings

i) Federal and Provincial bonds, and corporate debentures

Bonds and debentures are valued at their recognized public exchange closing sale price on their valuation date.

b) Total cash interest received on investments during the year was $99,352.

5. Annuities Payable

	2003	2002
Annuities payable at various interest rates, repayable in monthly, quarterly, semi-annual and annual instalments until maturity	$ 529,364	$ 648,618
Less current portion	109,426	119,253
Long-term portion of annuities payable	$ 419,938	$ 529,365

SDFC has 38 outstanding annuities at December 31, 2003, with maturing dates ranging from 2004 to 2013. Total gross payments on remaining annuities are $0.7 million (2002 - $0.9 million) assuming all annuities run to maturity.

Fair value of annuities payable is determined by discounting future payments at current market rates. Fair value of annuities payable at December 31, 2003 is $0.6 million (2002 - $0.8 million).

Interest paid on long-term annuities payable during the year, on a cash basis, was $76.8 thousand (2002 - $91.9 thousand).

Interest Rate Risk:

The Corporation has entered into long-term investments to match maturities of annuities payable with its asset portfolio. Therefore, SDFC's exposure to interest rate risk is insignificant.

6. Equity Advances

SDFC does not have share capital. However, SDFC has received equity advances from its parent CIC to form its equity capitalization. The advances reflect an equity investment in SDFC by CIC.

7. Contingent Liability

The Saskatchewan Development Fund Act requires that SDFC guarantee the difference between the market value of each shareholder's investment in the Saskatchewan Development Fund (the Fund) upon redemption and the value of the shareholder's original investment (net of initial sales charges) including accrued interest on the investment at an annual rate of 5%. This guarantee applies only if the market value of the shareholder's investment is lower than the guaranteed amount.

The guarantee liability under this provision throughout 2003 did not exceed the market value of any investment redeemed in the current year. Therefore, SDFC did not pay any amounts to the Saskatchewan Development Fund's redeemed shareholders in 2003 under this provision.

8. Fund Management Fees

SDFC recovers the costs it incurs in the management of the Fund by charging the Fund a management fee. This fee is limited by **The Saskatchewan Development Fund Act** to the lesser of 1.25% of the net value of the assets of the Fund or those corporate expenses directly attributable to the management of the Fund on an annual basis.

9. Net Change in Non-Cash Working Capital Balances Related to Operations

	2003	2002
Increase in interest receivable	$ (236)	$ 841
Decrease in accounts payable	(588)	179
Decrease in due to Saskatchewan Development Fund	(1,094)	(1,996)
	$ (1,918)	$ (976)

10. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Corporation by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control or significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms.

SDFC paid CIC $36,206 (2002 - $36,206) for accounting and technical services and lease of space under agreements between SDFC and CIC.

Other transactions and amounts due to and from related parties and the terms of settlement are described separately in these financial statements and the notes thereto.

ANNUAL REPORT TO THE SHAREHOLDERS

OF

SASKATCHEWAN DEVELOPMENT FUND

FOR THE YEAR ENDED

December 31, 2003

SASKATCHEWAN DEVELOPMENT FUND

HISTORY AND CURRENT HIGHLIGHTS – 2003

The Saskatchewan Development Fund (the Fund) was established in 1974 as an open-end investment trust (mutual fund) under **The Saskatchewan Development Fund Act**. Over the years, the Fund offered five types of investment accounts to the public. These were registered retirement savings plans (RRSP's), registered homeownership savings plans (RHOSP's), deferred profit sharing plans (DPSP's), registered retirement income funds (RRIF's) and regular shareholder accounts. Currently, the Fund administers only RRSP's and regular shareholder accounts.

In 1983, the Fund discontinued the sale of new shares to the public and became a discontinued open-end mutual fund. Since 1983, administration of the Fund has been focused on meeting the expectations of the Fund's clientele and on the orderly wind-down of the Fund's operations. On January 2, 2002 the Fund sold its individual asset holdings and purchased Greystone mutual funds. This action was taken to simplify fund management and decrease costs to the investor through reduced investment transaction fees and custodial fees.

The Fund experienced an increase in share value during 2003. The Fund's share value closed 2003 at $10.36 per share, compared to $9.84 per share at December 31, 2002. During 2003, Canadian equity markets rebounded, which allowed the fund to increase its return to 8.46% as compared to 3.37% in 2002.

The Fund's earnings decreased $26.6 thousand (or 53.1%) in 2003 to $105.3 thousand compared to earnings of $131.2 thousand in 2002. The decrease is due to the Fund's diminishing client base. Earnings returned 31.1 cents per share in 2003 compared to 29.3 cents per share in 2002. During 2003, the Fund provided a 8.46% rate of return to the shareholders compared to a three year average return of 5.52% and a five year average return of 6.33%.

The net assets of the Fund at December 31, 2003, are distributed to shareholders by type of account as listed below with comparative figures at December 31, 2002.

	December 31, 2003			December 31, 2002		
	Market Value	%	Number of Investors	Market Value	%	Number of Investors
Retirement Savings Plan	$ 2,557,227	70.18	69	$ 3,153,637	75.5	83
Regular Accounts	1,086,469	29.82	92	1,020,757	24.5	98
	$ 3,643,696	100.0	161	$ 4,174,394	100.0	181

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying Financial Statements have been prepared by management of Saskatchewan Development Fund Corporation. They have been prepared in accordance with generally accepted accounting principles in Canada, consistently applied, using management's best estimates and judgements where appropriate. Management is responsible for the reliability and integrity of the Financial Statements and other information contained in this Annual Report.

The Corporation's Board of Directors is responsible for overseeing the business affairs of the Corporation and also has the responsibility for approving the financial statements. The Board of Directors meets with management, and when necessary, the Corporation's external auditors E. J. C. Dudley & Co., and the Provincial Auditor of Saskatchewan on matters relating to the financial process.

Management maintains a system of internal controls to ensure the integrity of information that forms the basis of the financial statements. The internal controls provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly guarded against unauthorized use and that reliable records are maintained. The Provincial Auditor of Saskatchewan has reported to the Legislative Assembly that these controls are adequately functioning.

E. J. C. Dudley & Co. has audited the Financial Statements. Their report to the Members of the Legislative Assembly, stating the scope of their examination and opinion on the Financial Statements, appears on the following page.

Don Axtell
General Manager
Saskatchewan Development Fund Corporation

January 30, 2003

AUDITORS' REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the statement of assets and liabilities of the Saskatchewan Development Fund as at December 31, 2002 and the statements of change in net assets and realized gain on sale of investments and operations for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Saskatchewan Development Fund as at December 31, 2002 and the results of its operations and the changes in net assets for the year then ended in accordance with accounting principles generally accepted in Canada.

Regina, Canada
January 30, 2003

Eyc Dudley + Co.
Chartered Accountants

SASKATCHEWAN DEVELOPMENT FUND

STATEMENT OF ASSETS AND LIABILITIES

As at December 31

	2003	2002
ASSETS		
Investments at market value (Note 3)	$ 3,650,138	$ 4,180,182
Cash and short-term investments	14,651	4,611
Due from Saskatchewan Development Fund Corporation	4,191	5,284
	3,668,980	4,190,077
LIABILITIES		
Payable for shares redeemed	17,699	15,683
Other accounts payable	7,585	-
	25,284	15,683
NET ASSETS REPRESENTING SHAREHOLDERS' EQUITY (Note 5)	$ 3,643,696	$ 4,174,394
351,661 shares (2002 – 424,263 shares)(Notes 4 & 5)		
NET ASSET VALUE PER SHARE (Note 6)	$ 10.36	$ 9.84

(See accompanying notes)

On behalf of the Board:

_____, Director

_____, Director

SASKATCHEWAN DEVELOPMENT FUND

STATEMENTS OF CHANGE IN NET ASSETS AND REALIZED GAIN ON SALE OF INVESTMENTS

For the Year Ended December 31

	2003	2002
CHANGE IN NET ASSETS		
Net assets at beginning of year	$ 4,174,394	$ 4,875,683
Net earnings for the year	105,319	131,933
Net realized gain on sale of investments	76,198	290,479
Net unrealized appreciation (depreciation) of investments	136,424	(276,471)
	4,492,335	5,021,624
Less:		
Amounts paid for shares redeemed	848,639	847,230
Net assets at end of year	$ 3,643,696	$ 4,174,394
Net asset value	$ 10.36	$ 9.84
REALIZED GAIN ON SALE OF INVESTMENTS		
Proceeds from sale of investments	$ 762,498	$ 5,044,008
Cost of investments sold during the year*	686,300	4,753,529
Realized gain on sale of investments	$ 76,198	$ 290,479
***Cost of Investments Sold During the Year**		
Cost of investments at beginning of year	$ 3,394,689	$ 3,744,067
Cost of investments purchased during the year	154,225	4,404,151
	3,548,914	8,148,218
Cost of investments at end of year	2,862,614	3,394,689
Cost of investments sold during the year	$ 686,300	$ 4,753,529

(See accompanying notes)

SASKATCHEWAN DEVELOPMENT FUND

STATEMENT OF OPERATIONS

For the Year Ended December 31

	2003	2002
Revenue		
Interest	$ 123,070	$ 154,353
Dividends	11,343	14,000
	134,413	168,353
Expenses (Note 7)		
Management fees (Note 8)	25,855	30,230
Investment management fees	3,239	3,765
Custodial fees	-	2,425
	29,094	36,420
Net earnings for the year	$ 105,319	$ 131,933
Net earnings per share (in cents)	31.1	29.3

(See accompanying notes)

SASKATCHEWAN DEVELOPMENT FUND

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

1. Summary of Significant Accounting Policies

Valuation of investments

The Saskatchewan Development Fund's investments are recorded at market value determined as follows:

Securities listed upon a recognized public exchange are valued at their closing sale price on the valuation date.

Securities not traded on that date are valued at a price between the latest closing recorded asked and bid prices.

Securities not listed upon any exchange are valued in the same manner as above based upon any available public quotation in common use or at a price estimated to be the fair value thereof.

Fair Value

Cash, short-term investments, interest receivable, dividends receivable, due to (from) Saskatchewan Development Fund Corporation payable for shares redeemed, and other payables, and are carried at cost which approximates their fair market value.

Investment transactions and income

The Corporation has invested in three mutual funds offered by Greystone Managed Investments Inc. Transactions are recorded monthly and prorated to individual investors' accounts on the last working day of each month. Realized gains and losses from investment transactions are calculated in accordance with the average cost method.

2. Status of the Fund

The Saskatchewan Development Fund (the Fund) was established as an open-end investment trust in 1974 pursuant to **The Saskatchewan Development Fund Act** and is managed under the auspices of the Saskatchewan Development Fund Corporation (SDFC) which performs the duties of trustee, custodian and manager for the Fund. On July 15, 1983, the Fund discontinued the sale of new shares and became a "discontinued open-end" investment trust.

3. Investments

Description	2003 Cost	2003 Market	2002 Cost	2002 Market
Greystone Money Market Fund (2003 - 69,571 units, 2002 - 83,010 units)	$ 695,710	$ 695,710	$ 830,103	$ 830,103
Greystone Fixed Income Fund (2003 - 218,719 units, 2002 - 251,055 units)	2,167,951	2,179,977	2,487,384	2,515,065
Greystone Canadian Equity Fund (2003 - 39,669 units, 2002 - 51,900 units)	694,663	774,451	907,305	835,014
Total Investments	$ 3,558,324	$ 3,650,138	$ 4,224,792	$ 4,180,182

4. Taxation

The Fund qualifies as a mutual fund trust under the **Income Tax Act** and is fully registered to administrate four types of equity accounts. These are registered retirement savings plans, deferred profit sharing plans, registered retirement income funds and regular shareholder accounts.

5. Shareholders' Equity

a) Shareholders' equity includes the amounts representing the shareholders' net initial investments, reinvested earnings, realized gains or losses on sale of investments and unrealized appreciation or depreciation of investments.

b) The shares of the Fund are redeemable at the option of the holder in accordance with the provisions of **The Saskatchewan Development Fund Act** and with respect to the taxation status of the shareholder's account. The Fund is now a "discontinued open-end" investment trust and has taken on no new contributions since July 15, 1983 except where contractual arrangements had been made prior to July 15, 1983.

6. Net Asset Value Per Share

The net asset value per share as at the end of the years indicated was as follows:

	Year Ended December 31				
	2003	**2002**	**2001**	**2000**	**1999**
Net asset value per share	$ 10.36	$ 9.84	$ 9.83	$ 9.73	$ 9.09

7. Expense Ratio

The following is the ratio of all expenses of the Fund, expressed as a percentage of the average of the net assets calculated for the purpose of the redemption of shares of the Fund, as at each valuation date of the Fund:

	Year Ended December 31				
	2003	**2002**	**2001**	**2000**	**1999**
Expense ratio	0.72%	0.78%	1.23%	1.19%	1.22%

8. Management Fees

SDFC recovers the costs it incurs in the management of the Fund by charging the Fund a management fee. This fee is limited by **The Saskatchewan Development Fund Act** to the lesser of 1.25% of the net value of the assets of the Fund or those corporate expenses directly attributable to the management of the Fund on an annual basis.

9. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Fund by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control or significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are settled at prevailing market under normal trade terms. Other amounts and transactions due to and from related parties and the terms of settlement are described separately in these financial statements and the notes thereto.